The financial crisis in Australian higher education and the inexorable push towards privatisation

Don Smart
Murdoch University

The context of inevitable privatisation

In recent months we have witnessed a remarkable number of announcements of proposals for private or semi-private tertiary institutions — the Yanchep and Bond proposals being the most prominent. In addition there has been a plethora of announcements about institutions recruiting full-fee paying overseas students, signing consulting contracts with neighbouring governments in the region and so on. These events are not occurring in a vacuum and it is important to understand the rapidly changing context because we must come to terms with it and adapt our policy and practices in ways which not only accommodate reality but protect academic standards, values and integrity.

For the last decade or so, Australia's Universities and CAEs have gone further and further up a financial blind alley — a cashless cul de sac as it were. In retrospect, allowing ourselves to become totally dependent on a single source of funds in 1974 was foolish enough but to compound the folly by settling on the Federal Government as the sole source was a prescription for disaster. For during that period since 1974 when the Whitlam Government assumed total funding responsibility for universities and CAEs, successive Federal Governments have been cursed by serious budgetary deficit problems. Faced with a simultaneous need to prune expenditure and yet fund escalating social welfare and health bills, the Fraser and Hawke Governments have found it expedient to keep reducing the proportion of total federal outlays going to education (see Figure 1). Whilst the total federal education expenditure cake has done little more than 'mark time' in constant dollars, there has been some reshuffling of the portions as between the sectors such that schools and TAFE have fared better than universities and CAEs. Furthermore, because schools have continued to be funded primarily from state coffers and because politicians are more electorally sensitive to schools (there being numerous schools in each electorate), funding in real terms per school student has increased by 50% over the past decade whereas funding per higher education student has declined 8% (see Figure 2).

This whole gloomy scenario is further compounded by the Federal Government's contradictory strategy of encouraging and achieving substantially higher levels of Year 11 and 12 school retention (rising from 35% of the Year 12 cohort in 1983 to over 50% in 1986) whilst providing extremely marginal increases in the total number of tertiary places and at extremely marginal levels of per capita funding. Nevertheless, despite the widening gap of unmet tertiary demand (estimated variously between 13,000 and 30,000 in 1986) the current state of the national economy makes it extremely unlikely that the Commonwealth will loosen the purse strings. No matter how loud we scream, the Commonwealth cannot afford to hear.

It is this widening gap between the needs and demands of the tertiary sector and the Commonwealth's capacity to meet them that impels the search for other sources. There are only two other sources — State Government and private funds. For several years now I have been advocating that we seek to tap into both these sources — both because our repeated pleas to the Commonwealth have proven fruitless and because economically it is prudent to become less reliant on a single source of funds. It is imperative that we diversify our funding base despite the arguments about national planning advantages from single-source funding.

It has been obvious in the past 18 months that state politicians have shown increased electoral sensitivity to the growing problems in the tertiary sector and have responded in some cases with state finance (University of the Northern Territory, Cain Government's 1500 additional tertiary places for 1986; WA Government's $7.5 capital building for Bunbury CAE). If the states are to be encouraged to return to shared funding of universities and CAEs — and I believe they should be — then it must be on some kind of sensible, rationally negotiated and planned basis. We can do without the ad hoc state electioneering approaches of the past — just as we can do without the current irresponsible spate of state proposals for new institutions. As Hugh Hudson recently put it, 'Too many Premiers can feel new institutions coming on' without any sign of a sense of obligation to make a state financial contribution to such expensive ventures. The 'loose coupling' of financial and legislative responsibility in tertiary education planning and policy is a disaster — another reason why the states must be persuaded to come back and share the financial responsibility on a cooperative planning basis. However, in the currently extremely bleak budgetary circumstances, I predict that the states' collective response to our plaintive appeals for help will be very much the same as that of the Commonwealth. We can expect to see no substantial help from the states in the immediate future — especially when they are presently seeking to 'prune' their education budgets rather than expand them.

The 'New Right' and our international trade deficit — two potent pressures for privatisation

The New Right

Another extremely important element in the equation pushing us inexorably towards the privatisation of higher education is the powerful 'New Right' or neo-conservative movement which has captured political and more especially economic policy debate in many western countries — notably the US, the UK and Australia — in recent years. It would be wrong to assume that the 'New Right' suddenly appeared in Australia in August 1986 with the emergence of Mr Copeman of Peko Wallsend and the H.R. Nicholls Society. The neo-conservative movement has been building up a substantial head of steam in this country since the early 1980s under Malcolm Fraser and has been fuelled by the 'successes' of Thatcher and 'Reaganomics'. Right wing 'Think-Tanks' *a la* US have blossomed in Australia in recent years and now provide the cutting edge to the economic debate as they argue for: deregulation, tax cuts financed by government expenditure cuts in health, social welfare, education, and the encouragement of free-market and 'user-pays' principles wherever possible.

It is well known that key members of the Hawke Cabinet are advised and strongly influenced by such free-market advocates as Professor Michael Porter from Monash University's Centre for Policy Studies. Porter was one of the select few academics invited to speak at the 1984 Tax Summit. He was also responsible for commissioning the 'Fane Report' on education policy for EPAC. Fane's report was so right wing and ludicrous that it was ultimately more or less 'disowned' by EPAC. Given that the powerful members of Cabinet including Hawke, Walsh, Keating and Dawkins have strongly endorsed many of these views we are now seeing and can expect to see further economic policy moves in this direction. It is almost as if the Hawke Government has itself become the 'New Right'. The disenchantment of traditional Labor supporters with the policy reversals which the Hawke Government has wrought in many areas is reflected in the response of the Australian Teachers Federation to the Hawke Government's generous funding 'settlement' with the private schools in August 1984:

> *It is hard to capture in words the sense of outrage and betrayal amongst government school teachers and parents following the release of the Federal Government's Guidelines for Schools Funding on 14 August this year.*
>
> *In one stroke the Hawke Government silenced the militant minority opposition of the private school supporters by giving them everything they wanted, stroked the captains of industry with a promise that education would be brought into line with their needs, guaranteed the fiscal 'rationalists' that there would be no Whitlamite expansion of education funding (except to private schools), soothed the 'back to basics' lobby by adopting their rhetoric and reassured all those who fear the teacher unions with a very public declaration of the Government's intention to shut the unions out of any influence over education policy.*
>
> *It was a spectacular conservative coup. Hawke had become Fraser, only this time there was no alternative waiting in the wings.*
>
> *Given the finely-tuned electoral pragmatism and neo-conservative economics of the Hawke Government, these outcomes in retrospect look less surprising. (ATF, September 1984).*

Our disastrous international balance of trade and the search for new sources of export income

In the past 12 months, a combination of the long-term 'run-down' in the manufacturing sector of our economy and the swift decline in the terms of trade (value) of our traditional primary exports (wool, wheat, minerals, energy) has seen a disastrous deterioration in our overseas balance of trade. We are running a monthly trade deficit of the order of $1.4b which adds a sizeable annual $16b to our overseas debt (now approaching $100b or 'Banana Republic' proportions). In these circumstances, the national economy is desperately in need of new sources of 'export income' — enter 'the export of education services' (a theme to which I will return later).

'Privatisation' — what is it?

I find little to disagree with in the following definition offered by the Federation of College Academics:

> *Privatisation is a term generally used to describe measures which increase the role of private markets in the delivery of services and goods presently provided on a universal basis by the public sector.*
>
> *While privatisation takes many forms it most often involves, either individually or in combination, the following elements:*
>
> - *The sale of public services to the private sector.*
> - *The imposition of 'user-pays' principles as a means of financing public services.*
> - *Increasing the role of the private sector in areas where the public sector has previously been predominant.*
> - *Penetration of public sector services and enterprises by market-based accounting and financial criteria.*
> - *Contracting out public services to the private sector.*

The main facets of the push for privatisation

There are a whole range of areas of higher education policy where the economic and philosophical arguments of neo-conservatism have been used to advocate privatisation panaceas:

1) The reintroduction of tertiary fees (user pays).
2) The encouragement of private financing and collaboration in research.
3) The export of education services:
   (a) The marketing of education to full fee-paying overseas students on existing Australian campuses.
   (b) Off-shore marketing of education services via off-shore campuses or external packaging, etc.
4) The creation of private, semi-private and 'hybrid' universities/colleges in Australia to market courses exclusively to full fee-paying overseas students.

A common response by academics and the academic unions to this 'push for privatisation' has been to reject it *in toto* as too dangerous to contemplate and to argue for the continuation of Commonwealth planning of a fully federally funded higher education system.

Whilst this approach has a strong logical and ideological appeal, it is now, in my view, totally unrealistic for reasons already outlined. If we are to see any substantial expansion in higher education in the next few years, and the national educational and economic necessity (not to mention the student demand) for such expansion is unquestionable, it must largely come from private sources.

There is undoubtedly a variety of real potential dangers to the academic enterprise associated with many of these privatisation proposals. On the other hand there are also some real potential benefits and in my view the best strategy for academics to adopt is not the 'head in the sand' one which rejects the lot but rather one which seeks to examine commercial proposals on a case by case basis against a set of guidelines and criteria which protect academic standards and integrity. Proposals can then be adopted, rejected or modified as judgement warrants. To reject all proposals out of hand in the current difficult climate runs the real risk of further erosion of public and political support for higher education and the imposition of more draconian schemes. I will return to this strategy later, but first let me briefly elaborate on some of the main 'privatisation' proposals and developments.

1. The re-introduction of tertiary fees

This issue is at the very heart of the free-market approach. Whilst I do not intend a detailed elaboration here, the extreme neo-conservative line (e.g. Fane) essentially argues: that free tertiary education is a regressive sop to the middle classes; that a 'user-pays' system would provide much-needed 'steerage' on tertiary policy direction; that it would impose discipline on 'loafing' students and academics and reduce wastage whilst sav-

ing the taxpayers money and cutting the federal deficit. Where do the political parties stand on this fees issue? The Liberal-National Coalition Opposition supports the reintroduction of fees. The Democrats oppose fees. Despite the formal statement of opposition to fees in the ALP's Platform, the reintroduction of fees has been advocated by senior Cabinet Ministers including Hawke, Dawkins and Walsh. Walsh, in particular, as Minister for Finance has made various attempts to have the Government reintroduce fees. The final attempt in March 1985 led to Caucus chastising Hawke and Walsh and to subsequent repeated Government assurances that no reintroduction of fees would occur. Nevertheless, in the August 1986 Budget, a $250 'Administrative Charge' was announced for all students. This has been widely interpreted by students and commentators as a victory for Walsh and as the 'thin edge of the wedge' which will ultimately lead to the reintroduction of tuition fees.

Despite the relatively minor statistical gains in the proportion of higher education students from working class backgrounds since the abolition of fees in 1972 — the statistic always cited by fees advocates — there can be no doubt that any reintroduction of fees would have dramatic effects on women and minority group enrolments. The impressive gains in female enrolments in higher education over the last decade have been in some measure attributable to free tuition. Any government which attempts to reintroduce fees without providing a proper safety-net for the disadvantaged will incur a considerable electoral backlash. For example, an ANOP poll in March 1985 showed that some 74% of Australians over the age of 14 were opposed to the reintroduction of fees — including 72% of blue collar workers who, it is claimed, are subsidising the higher education of the middle classes. It is probably these poll figures which have played a large part to date in preventing the 'neo-conservatives' in the ALP Cabinet from reintroducing fees.

Despite the 'failure' of the fee enthusiasts to date, this remains an extremely vulnerable policy area — for it is here that a relatively small impost (on, say, 2,000,000 tertiary students) can provide fairly substantial additional revenue to governments — the Administrative Charge, for example, will provide funds for an additional 1000 tertiary places as well as $57m in extra government revenue. Clearly this option remains a most attractive one to Trasurers and Ministers of Finance as well as all those who favour an element of 'user pays' in higher education.

2. Private sector collaboration in research

This is not a new phenomenon. However, it is currently a 'growth area' as tertiary institutions, starved of government research funds, seek increased interaction and support from industry and commerce — spurred on by such Commonwealth policies as 150% 'tax break' for private enterprise on funds so spent. Whilst research institutions clearly need to build in certain safeguards, e.g. the right to publish all findings and the need to safeguard against commercial funding dictating more than a certain portion of the total research agenda, there are clearly some advantages in diversifying the research funding base — for some research teams the option may be as stark as survival or not.

3. Marketing of educational services (off-shore and in Australia)

It is quite remarkable how quickly events have moved in this policy area and I can do no more than sketch some of the outlines here (for those who want a fuller account see McCulloch 1986; Throsby 1985; Hughes 1984; Burns 1985).

Overseas student policy

Overseas students in Australia constitute roughly the same proportion (4%) of the total higher education population as in the US and UK. From 1950 the Colombo Plan provided aid-related scholarships to selected ('sponsored') students and private overseas ('subsidised') students paid fees on the same basis as Australian students. When the Whitlam Government abolished fees in 1974, it put a ceiling of 10,000 on the number of overseas students (Throsby 1985). Growing dissatisfaction with the effectiveness of this policy as 'aid' and its tendency to be exploited for immigration purposes led the Fraser Government in 1979 to introduce an Overseas Student Charge (OSC) set at 20-30% of the 'full-cost' of education. Continuing dissatisfaction and concern resulted in two Commonwealth Reports (Goldring and Jackson) making somewhat conflicting recommendations to the Hawke Government in 1984. To oversimplify, whilst Goldring saw education of overseas students primarily in 'aid' terms, Jackson placed much more emphasis on 'trade' and encouraged unrestricted access for full-fee paying overseas students as a market based export (Throsby 1985). In early 1985 the Hawke Government sought to reconcile these conflicting recommendations with a new policy which established three categories of overseas students:

- the traditional 'sponsored' category largely under the auspices of ADAB (quota)
- the traditional 'subsidised' category paying the OSC (quota)
- full fee paying private students who simply need to meet academic entry requirements and demonstrate the capacity to meet the full fee cost (no quota)

At present there are almost 14,000 'sponsored' and 'subsidised' overseas students in Australia. Those paying the OSC based on a national full cost of $10,000 pa will pay $4,500 (45% of full cost) in 1987.

Full-fee paying students (there were 500 in 1986 and will be possibly 2000 in 1987) pay the commercial rate (not based on the national $10,000 figure) which varies from around $5,000 in cheaper disciplines up to possibly $15,000 or more for veterinary science or medicine.

An 'Australian Government Education Mission' to South East Asia in July/August 1985 concluded that there was a substantial and growing export demand for Australian education particularly from Indonesia and Malaysia. Susan Ryan confirmed this in September 1986 after a visit to the region and added Japan to the list of prospective client countries (*The Age*, September 1986). As Australia's balance of trade deficit deteriorated in late 1985 the Minister of Trade, John Dawkins' sense of urgency about the export of Australian education understandably escalated. Addressing the Export of Education Services Conference which reviewed the mission findings on 8 October 1985, Dawkins noted: the strong overseas demand; the bleak export prospects of our manufacturing sector; and the optimistic estimates that within three years our education export services could be worth as much as our manufacturing exports to the region (approximately $100m per annum). He exhorted the institutions to take advantage of the entrepreneurial opportunity which his government was making available to them and implied it was their patriotic duty to do so in this time of national economic crisis:

Ladies and Gentlemen, what we are talking about today are not lofty and abstract ideals — though we must not depart from those. What we are talking about is an integral element of our economic wellbeing and standard of living. Cold, hard and urgent reality.
The fear has been expressed that we are moving too fast and that problems remain unresolved. Seen against the context of what I have been describing, those fears seem rather tangential. The demand exists. The capabilities exist. We need export earnings now.
To those who wish to have all the problems solved for them, and to those who wish to slow progress for their own purposes, I say this:

"You account to your students, who are finishing in a few weeks time and who won't find jobs, for why you were not prepared to overcome the obstacles."
"You account to those who have sacrificed years of further study bent on an academic career, but for whom there are not enough positions, as to why you kept opportunities for them . . ."
The incentive is there. What the Government would say to you is:
"Don't be spectators. Now is the time to roll up our sleeves and get on with the job."

The key elements of the plan which Dawkins outlined were:

- Australian education services will be marketed through education units established in the major market countries;
- The provision of full-fee courses will be solely in the hands of Commonwealth tertiary institutions and no Australians may be enrolled as full-fee students;
- The remuneration of staff employed in Australia on marketed services will be in accordance with Academic Salaries Tribunal rates;
- The Department of Education will handle Government-to-Government contacts concerning education policy and the Department of Trade will handle marketing activities;
- Immigration and Health procedures will be streamlined to be competitive with similar procedures applying to students seeking entry to the US and UK;
- The Government will completely oppose private institutions but will give further consideration to 'hybrid' proposals (e.g. WAIT-Yanchep) and what safeguards might apply if they are to be approved.

Problems arising from full-fee overseas student policy

There are a variety of major policy problems and concerns relating to full-fee paying overseas students which, because the policy is now a *fait accompli*, have to be addressed on the run:

1. What will be the impact of the non-quota full-fee paying program on the quota aid and subsidised student programs? It should not be allowed to be used as an excuse for cutting the existing aid program — though there are real questions to be addressed about the effective targeting of our aid program.

2. Will the full-fee paying program conflict with the provision of places for Australian students? This is potentially explosive in the context of substantial unmet Australian demand and the situation in which Asian students may study for a fee and Australians not.

3. How are any surplus funds from the full-fee program to be utilised by the tertiary institutions? In a situation of concurrent critical shortage of research equipment and serious unmet Australian student demand how will the institutions resolve the dilemma of priorities? Will the Federal Government seek to impose subtle pressures or offer incentives to the institutions to use the money to 'mop up' unmet demand rather than channel it into research?

In my view, the longer the academic unions take a line of total opposition to the Government policy of full-fee paying students (when it is already a reality on at least a dozen campuses), the longer it will be before these pressing issues above are given serious policy consideration.

Off-shore marketing of education services

This is one of the areas which is seen as potentially likely to generate substantial export income and to have the least risk of damaging Australian academic institutions. Programs already in operation or at the 'proposal stage' range from: full-length degree programs offered *in situ* at off-shore campuses (e.g. WAIT's Business Studies course in Singapore); twinning arrangements with overseas institutions whereby the overseas student formally enrols with the Australian institution but does the first two years of coursework at the home institution and then comes to Australia for the final two years of coursework with the degree-granting Australian institution; externally packaged degree courses with on-ground tutorial assistance in the home country (e.g. Murdoch and Deakin in Malaysia); a host of short-courses not for degree, specially packaged and delivered by Australian academics in the client country in areas ranging from computer applications to business management and agricultural technology, to ESL.

It is possible that tertiary institutions may be able to create jobs and generate much-needed income in such areas. We will only know by experimenting. CTEC's Efficiency and Effectiveness Review, for example, sees the optimistic prospect of turning Australia's excess tertiary capacity in External Studies to a profit through exporting courses. It would be hard to deny that this is not a more appealing prospect for academics than retrenchment if that is the realistic alternative.

Increasingly, too, Australian academics are being used as consultants to particular projects in the region — with or without the auspices of ADAB and IDP.

Private, semi-private and 'hybrid' tertiary institutions

In the past twelve months or so, there has been an upsurge of entrpreneurial proposals for private or semi-private institutions. These proposals have been largely designed to 'tap' the sizeable demand for full-fee paying overseas students but also, one suspects, they have a 'weather eye' to the possible reintroduction of fees and to tapping burgeoning Australian unmet demand.

It is of some sociological and entrepreneurial significance, perhaps, that most of the proposals to date have a connection with Western Australia — the state which, partly by virtue of its positioning and contacts in the region, and partly because of its entrepreneurial style, has been the 'front runner' in recruiting full-fee paying students in its upper secondary and tertiary institutions (Professor Goh's WA International College for Years 11 and 12 is expected to have over 200 students next year and Tuart and Canning Colleges perhaps another 600).

What is most salient of all, however, is the fact that all the private tertiary institution proposals to date (whether in WA or elsewhere) have a common thread — real estate. For those of us who keep scratching our heads and saying 'Where's the profit margin in selling tertiary education?' — the answer is that all these proposals are premised on subsidising or at best 'breaking even' on the education side, whilst making a profit out of the value-added property development associated with, and adjacent to, the new tertiary institution. Yanchep, Peel College and Bond University are all premised on creating a tertiary institution as a means of attracting a critical mass of people and service activities to a location in order to enhance the status and value of the surrounding real estate. Nor is it inconceivable that, amongst others, wealthy Malaysian and Hong Kong Chinese may be tempted to buy housing in the elite suburbs surrounding their child's education institution — with a view both to financial security and possibly, ultimate immigrant status.

Fully private institutions

The proposals coming forward to date can be classified into three types — there is the fully private Bond University proposal for the Queensland Gold Coast; the 'semi-private' model where a public institution establishes a new campus financed from private sources but remaining part of the administrative and academic structure of the existing institution (e.g. initially Murdoch and now WAIT's proposed Yanchep Campus); and 'hybrids' where the new institution has a separate

legal existence from the public institution (e.g. Peel College and Cape Byron Academy). The distinctions between semi-private and hybrids are difficult to draw. For example, is WAIT's Yanchep proposal a genuine 'semi-private' or a 'hybrid' in disguise? (see McCulloch 1986).

The fully private Bond University proposal which seeks no links with any existing institution most clearly falls outside the Hawke Government's 'guidelines' and is the one which has provoked the most savage criticism from the Academic unions and the Federal Minister. On careful analysis, I am not sure why this is so. It would seem to me that the Bond proposal is cleaner and has the considerable merit that it must stand or fall on its own entrepreneurial logic and endeavour. From the outset it has no claim and can have no claim on the public purse. It is a clean separation of public and private. Now whilst I acknowledge the historical analogy with the private schools originally having no claim on the public purse, it seems to me that there is less likelihood of a Bond University getting access to public subsidies than there is of a 'semi-private' which can claim links with a public institution and where the excuse of 'damage' to the public institution can be used as a government lever for propping up an ailing 'private' campus — or where the public and private campuses' affairs and students are so intermixed that it becomes impossible to disentangle.

'Hybrid' institutions and Commonwealth policy

According to McCulloch (1986):

A 'hybrid' institution is created when a private organisation or institution is responsible for the direct provision (including management and academic decision-making) of courses at full cost to overseas students, with academic and staffing resources provided on contract by a public institution (known as the 'validating' institution in current jargon). The proposed establishment of the Cape Byron International Academy by Northern Rivers CAE in conjunction with Hixson Holdings Pty Ltd is an example of a hybrid institution. Arguably the proposed WAIT campus at Yanchep is also a 'hybrid' institution although there are certain definitional problems involved . . .

The Commonwealth has indicated its preparedness to support 'hybrid' arrangements subject to appropriate safeguards. To date no formal safeguards have been developed but the matter has been the subject of discussions between the Commonwealth Education Minister and state Education Ministers through the Australian Education Council (AEC). At its meetings of October 1985 and June 1986, the AEC considered a draft set of safeguards which include:

- *hybrid proposals to be approved by State and Commonwealth Governments*
- *the academic board of the hybrid institution to comprise a minimum one third of representatives from the validating institution*
- *courses to be offered by the hybrid institution should fit within the academic profile of the validating institution with study leave to an award issued by the validating institution*
- *the academic board of the hybrid institution is to have responsibility for staff appointments*
- *no Commonwealth funds may be used directly or indirectly to subsidise the hybrid institution*
- *the validating institution to make provision for the withdrawal of its support in the event of unsatisfactory activities by the hybrid institution*

FCA and FAUSA have urged the Commonwealth to strengthen these guidelines and have offered a set of amendments which seek to give the 'validating' (public) institution greater control over the hybrid's academic board — which is in turn responsible for staffing appointments and resource allocation (McCulloch 1986).

Semi-private institutions

It appears the Commonwealth has not yet seriously addressed policy issues concerning 'semi-private' proposals. Technically, the guidelines for full-fee enrolments of overseas students in public institutions should apply but other safeguards are necessary. FCA has drafted some proposed safeguards concerning:

- no fees for Australian students — such students to be funded by private donors or operating surpluses;
- separate accounts to be kept for the private campus and to be publicly available together with details of foundations and other private funds;
- withdrawal safeguards for the public institution to be approved by the Commonwealth prior to start-up;
- State and Commonwealth Government prior approval;
- CTEC and the state co-ordinating authorities to be involved in the planning of any enrolments of tuition free Australian students.

Conclusion

Enormous pent-up pressure has been created in Australian higher education in recent years as a result of a combination of factors including: the dramatic increase in secondary retention rates and associated burgeoning unmet tertiary demand by Australian students; the increasing demand for tertiary places by mature age, migrant, aboriginal and other non-traditional groups; rapidly escalating demand in South East Asia for full-fee paying overseas student places at a time of acute Australian need for export income; a decade of serious neglect of federal funding for tertiary teaching and research; and the extremely serious and deteriorating state of the Australian economy and budgetary deficit.

It is this 'pressure cooker' effect which has led in recent times, in the absence of adequate federal funds, to sporadic state funding initiatives in tertiary education and to a growing rash of privatisation proposals. This is the inexorable consequences of the Commonwealth's increasing inability and/or unwillingness to adequately maintain tertiary support, let alone properly finance tertiary expansion. Given the demonstrable need for tertiary expansion and the magnitude of the demand, there is no realistic alternative to the application of private funds. We can have steady deterioration and decline with continued Commonwealth full-funding or we can have expansion with the use of some private funds. In my view, Australian tertiary education, like the economy and other aspects of national policy is facing a period of fundamental re-examination and we must be prepared for a sea-change. I believe the only sensible choice to be expansion with the intelligent and negotiated application of whatever forms of private funding seem beneficial, sensible and acceptable. It would seem imperative that amongst a range of safeguards, any tertiary institution accepting this challenge will establish a campus-wide broadly representative standing committee which must develop criteria and guidelines for systematically vetting all commercial proposals prior to their acceptance or rejection. It will be important for all institutions quickly to develop expertise in assessing proposals and understanding how to protect the essence of academic integrity and standards whilst ensuring the benefits of expansion from private funds.

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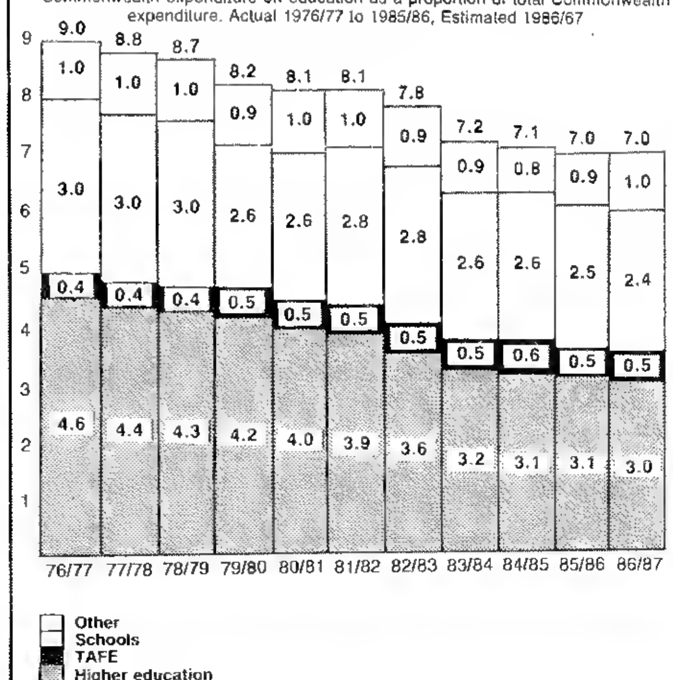
Figure 1

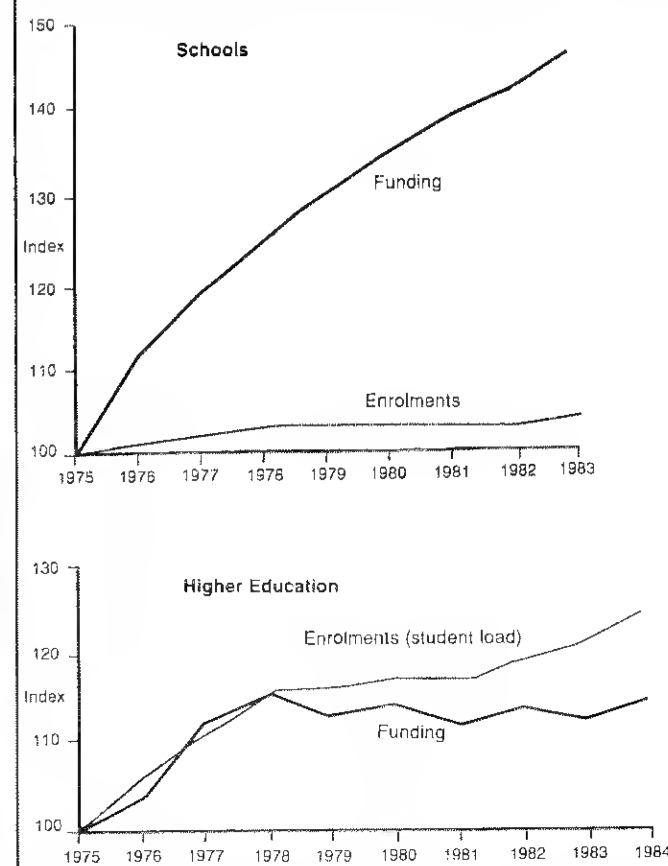
Commonwealth expenditure on education as a proportion of total Commonwealth expenditure. Actual 1976/77 to 1985/86, Estimated 1986/87



(Source: CTEC Triennial Report for 1985-87, Vol. I, Part I, April 1984 Budget Papers No. 1 1984-85 to 1986-87, Department of Finance)

Figure 2

Government recurrent expenditure of schools and higher education (in constant prices) and levels of enrolment/student load expressed as indexes (1974/75 = 100)



(Source: CTEC 1985-87 Triennium Supplementary Report for 1986-87 AGPS, Canberra, March 1985, p2)